

State of California
BOARD OF EQUALIZATION
PROPERTY TAX RULES

Chapter 1. State Board of Equalization — Property Tax
Subchapter 12. Miscellaneous

Rule 1045. ADMINISTRATION OF THE ANNUAL RACEHORSE TAX.

References: Sections 93, 135, 469, 5701, 5721, 5781, Revenue and Taxation Code.
Article XIII, Section 1 and Article XIII A, Section I, California Constitution.

The annual tax imposed by section 5721 of the Revenue and Taxation Code on the privilege of breeding, training, caring for, or racing racehorses in this state shall be administered as provided herein.

(a) ASSESSOR'S RESPONSIBILITIES.

(1) SUBMISSION OF FORMS FOR BOARD APPROVAL. Annually on or before October 15 the assessor shall notify the board, on a form provided by the board, (1) of his intent to reproduce (a) the ANNUAL RACEHORSE TAX RETURN form and (b) the ANNUAL REPORT OF BOARDED RACEHORSES form by a photocopy process from the current prototype forms and instructions distributed by the board for use for the succeeding reporting period, or (2) of the forms and/or instructions which he will produce by means other than a photocopy of the prototype for use for that period, or (3) that he will have no need for the forms. When filing a notification that he will use a form and/or instructions which he will produce by means other than a photocopy of the prototype, he shall submit to the board in duplicate for approval a draft copy of each such form and/or instructions. The copies shall be submitted together with the board-prescribed property statement forms required to be submitted by section 171 of this title. The provisions of section 171 relative to arrangement and variation of content of such property statement forms shall also be applicable to these forms.

(2) DISTRIBUTION OF FORMS AND RETENTION OF REPORTS. Copies of the forms prescribed by the board for reporting the tax due and for reporting the names of persons whose racehorses are boarded with others shall be furnished by the assessor no later than December 15 prior to the calendar year in which the tax is due by mailing them to persons believed to be required to use them and by making them available at the assessor's office to any person requesting them.

The assessor shall maintain a record of those persons believed to be liable for the annual racehorse tax to whom he has furnished copies of the forms. A copy of the record shall be delivered to the tax collector within 10 days of the date when copies of the forms are furnished so that the tax collector can be cognizant of the taxpayers who can reasonably be expected to file returns.

The assessor shall retain his copy of all tax returns filed by taxpayers for a period of five years from the date the returns became due. They shall be arranged or identified so as to indicate whether or not an audit is required under subsection (3) of this rule.

(3) AUDITS. The assessor shall audit the tax records relative to his county of any racehorse owner who, according to the assessor's records had a gross tax liability (before addition of any penalties) that exceeds \$2,000 for each of four consecutive calendar years. This audit shall be performed within five years of the date on which the annual racehorse tax first became due and shall include, but need not be limited to, a comparison of the annual racehorse tax return with records maintained by the taxpayer. The assessor, when performing an audit pursuant to this section of a taxpayer's records of racehorses taxable at a home ranch or other business location, shall also audit records of the same taxpayer pertaining to (1) personal property taxes on property having tax situs at the same location and (2) livestock taxable at the same location.

When an assessor schedules an audit of the records of any racehorse owner, whether as part of an audit required by section 192 of this title or independently thereof, he shall advise the assessor of any other county in which racehorses of this taxpayer were taxable, as shown in the annual racehorse tax returns or in any other source, of the date on which the audit will be performed. Upon completion of the audit he shall make that portion of the

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audit findings relevant to the annual racehorse tax available to any such assessor. On discovery that horses escaped taxation, the assessor shall determine whether they were subject to the annual racehorse tax, were subject to the property tax, or were exempt and, if they were taxable, shall either provide the tax collector with copies of the audit workpapers so that a determination of additional racehorse tax due can be calculated or enroll an ad valorem assessment of escaped personal property.

Nothing herein shall be construed to prohibit the assessor from auditing the records of taxpayers for which audits are not required by this rule.

(b) TAX COLLECTOR. The tax collector shall accept returns and payments, verify the mathematical accuracy of the tax returns and issue receipts upon request and for all cash payments. He shall forward to the assessor and to the auditor their respective copies of each return within 15 days of receipt.

The tax collector shall issue bills when his review of the tax return indicates additional tax due or when he has determined that additional tax is due under (a) (3) above. He shall also take such action as is appropriate to insure collection of taxes due his county. He shall inform the auditor and the tax collector of any other county of additional tax found to be due that county.

(c) AUDITOR. The auditor will receive his copy of all tax returns filed in his county from the tax collector. He shall within 15 days of receipt transmit, in duplicate, to the auditors of other counties copies of returns which show tax liabilities in their respective counties. He will receive tax returns from the auditors of other counties and on receipt thereof shall forward copies of each return to both the assessor and the tax collector.

The auditor shall use the information on the forms to allocate taxes as prescribed in section 5790 of the Revenue and Taxation Code. Amounts due to other counties may be forwarded periodically rather than as received, but must under any method chosen be accompanied by information which will enable the auditor of the receiving county to make a proper allocation in his county.

(d) CLAIMS FOR REFUND. Overpayments of this tax are subject to refund pursuant to the provisions of Chapter 1 of Part 3 of Division 3.6 of Title 1 (commencing with § 900) and Chapter 4 of Division 3 of Title 3 (commencing with § 29700) of the Government Code.

History: Adopted October 26, 1972, effective December 1, 1972.

Amended October 18, 1973, effective November 25, 1973.

Amended December 7, 1982, effective March 4, 1983.